

MEMORANDUM

TO: Mayor Craig Brown and Members of Council

CC: City Manager Office, Executive Leadership Team, City Attorney Office

FROM: Sally Bakko, Director of Policy and Governmental Relations

DATE: July 10, 2023

RE: Legislative Report: Austin and Washington Update

Please find below an update on legislative activities in Austin and Washington. (*To access links below, control+click on link.*)

Gulf Coast Protection District (GCPD) Update

The [Gulf Coast Protection District](#) Board of Directors will meet at 10:00 am on Wednesday, July 12, 2023, at the West Side Complex Community Center, 8138 FM 3246 in Baytown. See [Agenda](#) and you may watch and listen to the meeting via the live broadcast.

[View Live Stream](#)

Austin Update

88th Texas Legislature News Highlights

Second Special Session Action Update:

Lt. Governor and Speaker Reach Agreement on Property Tax Relief

Today, Lt. Governor Dan Patrick and House Speaker Dade Phelan announced a joint agreement on proposed legislation to provide property tax relief homeowners and business properties. Announcement is attached. Included in the proposed legislation:

- \$12 billion for reducing the school property tax rate (maintenance & operations tax rate compression) for all homeowners and business properties.
- \$100,000 homestead exemption for every homeowner who homesteads their home.
- Create a 3-year pilot project that provides a 20 percent cap on appraised values for non-homesteaded properties, valued at \$5 million and under.
- Franchise tax savings for small businesses and create elected positions on local appraisal boards.

The House will meet today to refer bills to committee and the Senate is currently recessed until Tuesday, July 11th. Quick action is anticipated prior to the end of the current 30-day Special Session which began June 27th.

Select Committee on Sustainable Property Tax Relief Conducts First Hearing

The Select Study Committee on Sustainable Property Tax Relief heard from invited witnesses in their first hearing conducted on Friday, July 7th. The Committee, appointed by House Speaker Dade

Phelan, is charged with evaluating the way local governments levy property taxes and make recommendations for long-term, sustainable relief. (See [committee appointees](#)).

Witnesses invited to testify included: Shannon Murphy, Director, Comptroller's Property Tax Assistance Division; Michael Meyer, Deputy Commissioner of Finance, Texas Education Agency; Brent South, Chief Appraiser, Hunt County Appraisal District and representative for the Texas Association of Appraisal Districts; Tim Radloff, Chief Appraiser, Lubbock Central Appraisal District and representative of the Texas Tax Professional Advisory Committee; Christopher White, Taxpayer Liaison, Bexar County Appraisal District; Scott Norman, CEO, Texas Association of Builders; Brett Martin, Tilson Home Corp. and Vice President/Secretary of the Texas Association of Builders; Annie Spillman, State Director, National Federation of Independent Businesses; and Kelsey Erickson Streufert, Chief Public Affairs Officer, Texas Restaurant Association.

Committee members questioned witnesses on: 1) expanding exemptions and reducing school maintenance & operations (M&O) tax rates as effective methods for long-term property tax relief; 2) the role and purpose of the [Appraisal District Ratio Study](#) and the [School District Property Value Survey](#) when reporting market value accuracy; and 3) effective methods for business tax relief offered through expanded franchise fee exemption or inventory personal property tax relief.

Galveston County Tax Assessor Cheryl E. Johnson, among those appointed to the committee reducing the appraisal cap to 5 percent, even 2.5 percent. Some panelists observed that appraisal caps can bring greater predictability. However, as the market levels off or decreases, taxable value will continue because the gap hasn't closed yet. Texas Association of Builders advocated that compression of M&O rates provide the greatest opportunity for homeownership to more people. You can view the hearing [here](#).

Regular Session Action Highlight:

City of Houston Sues State of Texas Regarding HB 2127 "Super-Preemption" Bill

On Monday, July 3rd, the City of Houston filed a lawsuit against the state regarding HB 2127. Effective September 1, 2023, HB 2127 will prohibit cities from adopting, enforcing, or maintaining an ordinance, order, or rule regulating conduct in a field of regulation that is occupied by a provision of the following state codes:

- Agriculture Code;
- Business and Commerce Code;
- Insurance Code;
- Natural Resources Code;
- Labor Code, a field occupied by a provision of the Labor Code includes employment leave, hiring practices, breaks, employment benefits, scheduling practices, and any other terms of employment that exceed or conflict with federal or state law for employers other than a city;
- Finance Code, except a city may enforce or maintain an ordinance regulating a credit services organization or a credit access business if the city ordinance was adopted before January 1, 2023 and would have been valid under the law as it existed before the enactment of the bill;
- Occupations Code, though city authority to regulate a massage establishment is not preempted;
- Property Code, a field occupied by a provision of the Property Code includes an ordinance regulating evictions or otherwise prohibiting, restricting, or delaying delivery of notice to vacate or filing a suit to recover possession of the premises.

Attached please find a copy of the formal petition. You can find the press conference here: https://www.youtube.com/watch?v=FhVY-0y_cNU . In addition, the Texas Tribune also published an article: <https://www.texastribune.org/2023/07/03/houston-texas-lawsuit-local-control/>

▪ **SB 929 Non-conforming Uses Zoning Law Change**

The Texas Municipal League provides an analysis of [S.B. 929](#), effective immediately, to require: (1) certain notice to property owners whose property's use will be a nonconforming use after a zoning change; and (2) payment if the city terminates the nonconforming use according to a specific formula. [Read more information.](#)

TWIA Actuarial & Underwriting Committee to Discuss Rate Recommendations on July 11th

The Texas Windstorm Insurance Association's (TWIA) Actuarial & Underwriting Committee will meet at 10:00 am on Tuesday, July 11th, to develop a recommendation to the TWIA Board on rates. See the meeting [agenda](#) and [materials](#).

Washington Update

FEMA Announces August Virtual Local Mitigation Planning Workshop

The Federal Emergency Management Agency (FEMA) is hosting a virtual Local Mitigation Planning Workshop at **11:00 – 3:30 pm CT daily on August 29-31, 2023**. This training covers the basics of mitigation planning for local communities. You will learn about the planning process, assessing risks, and developing and implementing effective mitigation strategies. This course is updated to reflect new guidance, resources and material related to the [2022 Local Mitigation Planning Policy Guide](#). Space is limited. [Register via Zoom](#).

Attendees should have their plan expiration date handy when registering. (Check the [Plan Status Map](#).) Workshop space is limited. Participants whose plans are 18-24 months from expiration will receive priority, to ensure the timing of the workshop is beneficial. FEMA will offer more workshops at a later date.

USDOT Streamlines Community Infrastructure Programs

The U.S. Department of Transportation is now taking applications for its newly streamlined Reconnecting Communities and Neighborhoods or RCN program, which now combines two different grant programs created by the Infrastructure Investment and Jobs Act or IIJA enacted in 2021 and the Inflation Reduction Act passed in 2022. The agency noted in a [statement](#) that its "streamlining" efforts are designed to make it easier to submit an application and increase opportunity for communities that are seeking funding for projects. For more information, see [Notice of Funding Opportunity](#). **Closing date for applications is September 28, 2023.**

Final Guidance Released on Broadband Equity, Access, and Deployment (BEAD) Program

The National Telecommunications and Information Administration (NTIA) [released](#) final [guidance](#) for the Broadband Equity, Access, and Deployment (BEAD) program's state challenge process. The

program's rules require each state and territory include a BEAD "challenge process" in their Initial Proposal; in the challenge process, a unit of local government, nonprofit organization, or internet service provider may challenge whether a location or community anchor institution is eligible for BEAD funding, including whether a location has limited or no internet service.

Reports of Interest

[NOAA Using Drones to Improve Hurricane Forecasting](#)

AASHTO, July 7, 2023

[The Federal Flood Risk Management Standard \(FFRMS\)](#)

Congressional Research Service, July 5, 2023

[State and Local Workforce: 2023 Survey Findings](#)

MissionSquare Research Institute

[2022 Annual Survey of Public Pensions: State and Local Tables](#)

U.S. Census Bureau

[U.S. Housing Supply: Recent Trends and Policy Considerations](#)

Congressional Research Service, July 7, 2023